GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:7214
ANSWERED ON:13.05.2005
NATIONAL INVESTMENT FUND
Scindia Shri Jyotiraditya Madhavrao

Will the Minister of FINANCE be pleased to state:

(a) whether any rules or guidelines have been laid down for management and appropriation of the National Investment Fund;

(b) if so, the details thereof;

(c) projected annual returns therefrom; and

(d) steps taken to ensure that the investment of this funds is made on the earmarked objective and that should not be diverted as happened lately in the case of the Unit Trust of India?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (S.S. PALANIMANICKAM)

(a) to (b) Government has decided that with effect from 1st April 2005 the realisations from disinvestment of Public Sector Enterprises (PSEs), which are credited to the Consolidated Fund of India will be appropriated from the Consolidated Fund of India for the creation of the National Investment Fund (NIF). The NIF would be professionally managed by selected Public Sector Financial Entities, with the requisite experience, to provide sustainable returns to the Government without affecting the corpus.

(c) The annual returns from the NIF will be market determined. However, since the NIF will be actively managed by selected professional Public Sector Financial Entities, with the requisite expertise, the returns are expected to be good.

(d) The investment strategy for the NIF will be implemented by the Public Sector Financial Entities managing the NIF. The income from the NIF would be credited to the Consolidated Fund of India and would thereafter be appropriated to finance selected social sector schemes, which promote education and health care and for capital investment in selected profitable and revivable PSEs that yield adequate returns, in order to enlarge their capital base and to finance their expansion / diversification.